



GRANADA SANITARY DISTRICT
OF SAN MATEO COUNTY

MINUTES
BOARD OF DIRECTORS
SPECIAL MEETING 6:30 p.m.
May 28, 2009

CALL SPECIAL MEETING TO ORDER

The Special Meeting of the Granada Sanitary District Board of Directors was called to order at 6:37 p.m.

ROLL CALL: President Ric Lohman, Vice President Ronald Fenech, Secretary Gael Erickson, Treasurer Matthew Clark, and Director Leonard Woren.

Staff: General Manager Chuck Duffy, District Counsel Jonathan Wittwer, and District Administrator Delia Comito (for open session only).

ADJOURN TO CLOSED SESSION

- 1. Conference with Legal Counsel – Possible initiation of litigation pursuant to subdivision (c) of Section 54956.9: (two potential cases).**
- 2. Conference with Legal Counsel – Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: (one potential cases).**
- 3. Conference with Real Property Negotiator, Chuck Duffy (Government Code Section 54956.8).**
Negotiating parties: San Mateo County Harbor District and Granada Sanitary District, property under negotiation: APN 047-262-010.

RECONVENE TO OPEN SESSION

District Counsel stated there was no reportable action taken in Closed Session.

GENERAL PUBLIC PARTICIPATION

President Lohman announced the upcoming beach clean-up event, Director Erickson announced the upcoming workshop by the County Parks Department, and Director Woren announced the Fire Department's fuel management workshop and County Board of Supervisors LCP update meeting.

ACTION AGENDA

- 1. Consideration of Status of Seacoast Franchise Fees and Audited Financial Reports and any Evidence of Compliance with Franchise Agreement presented by Seacoast and Board of Directors Determination as to Status of Seacoast Compliance and Direction to Staff as to Future Action(s) to Assure Compliance with Franchise Agreement.**
General Manager Duffy summarized the outstanding issues GSD has had with Seacoast Disposal regarding their obligations under the franchise agreement, specifically: 1) Seacoast had not provided GSD with an audit report since 2003; 2)

they had not made their required franchise fee payments for the past several years; and 3) they have had a generally poor history of responding to the District's repeated emails, letters, and phone calls requesting these. He reported that the District was then forced to send several letters outlining GSD's legal options under the franchise agreement, including assessing fines and penalties on Seacoast. Due to this action, many of the breaches have been cured or are in the process of being resolved.

Seacoast General Manager Chris Porter spoke on the company's behalf. Ms. Porter explained that all required financial reports had now been provided except for fiscal years 2007/2008, which would be completed by the end of calendar year 2009. She also stated that all required franchise fees have been paid, except for the 2006 franchise fee. Several years ago, an ad hoc committee from GSD and MWSD met with Chris to discuss raising Seacoast's rates because they were losing money, an action which was eventually approved by both boards. Ms. Porter contended that Seacoast is not obligated to pay the 2006 franchise fee because one or several directors present at the ad hoc meetings "waived" the fee for that year due to the financial hardship Seacoast was suffering from. Mr. Duffy reported that none of the District's ad hoc committee members remember this occurring, and that even if this had been discussed or agreed upon at the ad hoc meeting, it would still not be valid for Seacoast to not pay the fee. The franchise agreement requires the fee be paid each year, and only a vote of the full board can amend the provisions contained in the agreement, which never occurred. Mr. Duffy agreed to contact the participants who attended that ad hoc committee meeting in an effort to confirm Ms. Porter's postulation, and will report back at the next meeting.

2. Consideration of the Sewer Authority Mid-Coastside Administrative/Treatment Operating and Capital Budgets for Fiscal Year 2009-10 and Associated Resolution of Approval.

SAM Manager Jack Foley reviewed the budget changes requested by the City of Half Moon Bay and the Montara Water and Sanitary District. He stated that the version of the budget contained in the board packet was not the most current version, but the recent changes were minor, and the cost to GSD will not exceed the numbers in front of the Board. Director Woren raised some questions regarding the accuracy of the Portola Pump Station flow meter, citing past problems with the meter. Any errors in this meter would affect each SAM agency's cost allocations in several budget categories. General Manager Chuck Duffy suggested approving the SAM budget as presented due to timing constraints, and agreed to research the flow meter issues raised by Director Woren and report back to the Board.

ACTION: Director Clark moved to adopt the resolution approving the SAM Administrative/Treatment General and Capital Budgets for 2009/2010. (Clark/Woren). Approved 5-0.

3. Consideration of the Sewer Authority Mid-Coastside Collections System Operating and Capital Budgets for Fiscal Year 2009-10 and Associated Resolution of Approval.

ACTION: Director Woren moved to adopt the resolution approving the SAM Collections System General (Operating) and Project (Capital) Budgets for 2009/2010. (Woren/Clark). Approved 5-0.

In consideration of a member of the public present for Item 5, President Lohman reordered the Agenda to move Item 5 before Item 4.

5. Consideration of an Agreement Between the District and the San Mateo County Harbor District to Purchase Land for the Wet Weather Storage Project (APN 047-262-010).

District General Manager Chuck Duffy reported that the Harbor District board of directors had recently approved the land purchase agreement for the wet weather storage project site at their May 20th board meeting. He stated that approval of the agreement will allow staff to proceed with the due diligence process involving the various permitting and testing necessary to ensure that the land can be used to construct the project. If the due diligence process shows that the project cannot be permitted for construction for any reason, the district will be able to cancel the sales agreement prior to finalizing the actual purchase of the land. He also reported that the project was necessary to help prevent sewer system overflows from the SAM intertie sewer system, which have been occurring over the past several years and had led to recent EPA actions towards SAM due to a spill into the Fitzgerald Marine Reserve several years ago. The actual project design and construction will be run by SAM staff under the guidance of the SAM wet weather project committee comprised of representatives from GAS and MWSD.

A member of the public, Donald Sheardown, spoke to the Board regarding the project. He stated that he did not believe the project was necessary as currently proposed, and stated that the same results could be realized through some type of metering system. He also stated his belief that the scope and size of the storage tanks was excessive, and that the tanks needed to be no larger in size than the district boardroom, for instance.

The General Manager reported that the project had been designed by Carollo Engineering under the guidance of SAM staff, and had actually been reduced in scale as a result of several value engineering meetings.

ACTION: Director Clark moved to approve the land purchase agreement with the Harbor District, and to direct staff to use all means necessary to expedite the wet weather storage project. (Clark/Woren). Approved 5-0.

4. Consideration of the Granada Sanitary District Budget for Fiscal Year 2009-2010.

The General Manager provided a review of the budget, and answered board questions. After board discussion, several relatively minor changes will be made and the revised budget will be presented at the next meeting for approval.

6. Consideration of Revised Approval and Budget for Mutt Mitt (Dogipot) Dispenser Installation and Maintenance Program.

At the previous meeting the Board approved the program with a budget of \$4,000, not to include any expenditure for a Coastal Development Permit (CDP). Staff had been since notified that the District would need to obtain a CDP, so the item was brought back for reconsideration.

ACTION: Director Lohman moved to approve the program with a revised budget of \$6,500, as recommended by staff, without conditions. (Lohman/Erickson). Approved 4-0, Woren abstaining.

7. Consideration of District Input at the San Mateo County Board of Supervisors Public Hearing on the Coastal Commission's Staff Recommendations Regarding the Midcoast LCP.

ACTION: Director Woren moved to direct staff to: 1) draft a letter generally in support of the Coastal Commissions findings which support the District's positions on the various issues; and 2) approve Board President Lohman to read the letter into the record at the June 16 public hearing. (Woren/Clark). Approved 5-0.

CONSENT AGENDA

Director Woren requested that Item 13 be held for discussion.

8. Approval of Revised Special & Regular Meeting Minutes for March 19, 2009.

9. Approval of Special Meeting Minutes for April 23, 2009.

10. Approval of May 2009 Warrants Totaling \$146,977.01 (Checks 3436-3465).

11. Approval of Assessment District Distribution #11-08/09 for \$3,263.68.

12. Approval of April 2009 Financial Statements.

ACTION: Director Woren moved to approve Items 8, 9, 10, 11, and 12 of the Consent Agenda. (Woren/Fenech). Approved 5-0.

13. Approval of AKT Letter of Engagement for 08/09 Auditing Services.

Director Woren requested that future audits be printed with a minimum 12 point font.

ACTION: Director Clark moved to approve the letter of engagement. (Clark/Fenech). Approved 5-0.

DIRECTORS' COMMENTS AND COMMITTEE REPORTS

14. Sewer Authority Mid-Coastside.

Directors Woren and Lohman provided a review of the recent SAM meetings.

15. Report on other seminars, conferences, or committee meetings.

INFORMATION CALENDAR

16. Attorney's Report.

17. Treasurer's Report.

18. General Manager's Report.

19. Administrator's Report

20. Engineer's Report.

ADJOURN SPECIAL MEETING

The Special Meeting was adjourned at 10:31 p.m.

SUBMITTED BY:

APPROVED BY:

Chuck Duffy, General Manager

Gael Erickson, Secretary

Date Approved: June 18, 2009